UNITED
NATIONS

E

Economic and Social
Council

GENERAL

E/ECE/1254
28 February 1992

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

Forty-seventh session
(Provisional Agenda item 2(e))

ACTIVITIES DESIGNED TO ASSIST COUNTRIES OF THE REGION IN TRANSITION TO A MARKET ECONOMY AND THEIR INTEGRATION WITH THE EUROPEAN AND GLOBAL ECONOMY

(Paragraph 4 of Commission decision B (46))

Report by the Executive Secretary

1. The present report covers the practical and sectoral activities of the subsidiary bodies and the secretariat, as referred to in paragraph 4 of decision B (46). 1/ In the preamble to decision B (46) the Commission reaffirmed "that the work methods determined to address transition issues should be workshops, symposia and other similar fora which provide the necessary flexibility and informal approach". In that decision the Commission also "invites Governments of the member countries, the European Community and competent international institutions to participate actively in transition-related activities, and encourages them to consider providing continued assistance, on a bilateral or multilateral basis, for promoting such activities" (para. 2).

1/ An account of the implementation of other provisions of decision B (46) is contained in E/ECE/1258.

GE.92-20567/7282a

2. The present report is divided into two parts:
   A. Workshops, seminars and similar informal activities to assist countries in transition to a market economy and their integration into the European and global economy;
   B. Other activities to assist countries in transition.

3. In carrying out activities to assist countries in transition the Commission and its secretariat have cooperated closely with international organizations and institutions in the region, notably the European Community (EC), the Organization for Economic Co-operation and Development (OECD), the World Bank, the International Monetary Fund (IMF) and the European Bank for Reconstruction and Development (EBRD).

A. Workshops, seminars and similar informal activities to assist countries in transition to a market economy and their integration into the European and global economy

4. Since the forty-sixth session the Commission has actively continued a major programme of workshops. These have taken various forms, ranging from multilateral meetings on a broad general subject, to assistance to individual countries on a specific issue. A list of the workshops which have been held and those planned is updated and issued at regular intervals. Copies of the latest version will be available to participants at the Commission session. As will be seen from this list, many international, intergovernmental, non-governmental and professional bodies have taken an active part in organizing or sponsoring workshops.

Environment

5. The Workshop on Costing and Funding of Environmental Policies in European Economies in Transition, organized in cooperation with OECD in October 1991, examined the overall economic context in which environmental policies would be developed and implemented in the countries in transition and assessed the opportunities and constraints for environmental policies created by economic restructuring as well as approaches to financing future environmental programmes.

6. Countries in transition have expressed interest in organizing workshops in areas of environmental management, such as:
   - Sewage-sludge treatment in the Moscow region (Russian Federation)
   - Environmental impact assessment (Bulgaria)
   - Application of Good Laboratory Practice (GLP) principles and the concept of assurance of compliance with GLP in particular in countries with economies in transition (Hungary)
   - Economic restructuring and the environment (Hungary)
   - Costing techniques for environmental policies (Russian Federation and Netherlands)

Agriculture

7. A workshop is planned in Belarus to discuss the impact on agriculture of nuclear accidents based on the experience of the Chernobyl accident and, in cooperation with other international organizations, to draw up a framework for action in this field.

8. Other workshops are planned in Hungary and Bulgaria on topics such as farm management and its relationship to food marketing and exports, and means of bringing collective farms into viable market-oriented units.

9. The ECE is also currently exploring the possibilities of workshops in cooperation with INSTRAW on an exchange project involving women farmers in Hungary and Bulgaria with their counterparts in the American midwest. The objective is to introduce the Bulgarian and Hungarian women to farm operations in a market economy.

Human settlements

10. Six workshops have been held to assist countries in transition to reformulate their housing, land-use and building policies to market economy approaches. Three main aspects were considered: financial arrangements, land management and construction activity. Questions of housing and shelter are important for improving the quality of life and enhancing economic development. The workshop held in Minsk (Belarus) in December 1991 on resettlement of population focused on the consequences of the Chernobyl accident.

11. The Russian Federation will organize two workshops in 1992, one on urban renewal and modernization and the other on privatization in the housing and building sectors.

12. Using the results of the workshops, a summary report on housing policy guidelines was prepared to facilitate access to the accumulated information for Governments and decision-makers in different countries. This information has been translated by some countries into their native languages, to ensure local dissemination of the workshop results.

Industrial development

13. Additional workshops on the rational use of raw materials in the chemical industry and the adjustment of engineering industries in economies in transition are being considered, as well as a workshop on the establishment and operation of national chemical industry federations.

14. A regional workshop on state policy in economies in transition aimed at promoting innovation will be held in Poland in 1992, and its results will be considered by the Senior Advisers on Science and Technology.

15. A study tour will be organized in September 1992 on the chemical industry in Romania in conjunction with a workshop on the rational use of raw materials and energy in the chemical industry.

16. Workshops on the most pressing problems of standardization, conformity assessment and quality control have been held in Romania and Bulgaria. They focused on international trade, European norms and international quality standards to improve the competitiveness of products of countries in transition.

Trade and development finance

17. A workshop on the management of east-west joint ventures (Vienna (Austria), May 1991) provided an exchange of views between management-training practitioners who are assisting joint ventures and management personnel in the east. It emphasized the need for up-to-date information on government funding for management training in eastern Europe, availability of training programmes and an evaluation of the various training approaches to help enterprises to use their funds to the best effect.

18. A workshop in Romania on foreign trade and payment reforms in the economies in transition compared experiences of other countries in liberalizing the external sector and offered Romanian specialists an opportunity to exchange views with foreign experts. Conclusions were drawn on the policy and implications of dismantling the foreign trade monopoly, the process of convertibility to the domestic currency and export promotion policy.

19. The Committee on the Development of Trade suggested as themes for workshops: the legislative changes required to promote the privatization process in the countries in transition; and the implications of privatization, including the role of small and medium-sized enterprises, for international trade and investments. A workshop on a guide for training east-west joint ventures managers will be held, probably in Rome (Italy), as a follow-up to the Vienna Workshop on East-West Joint Ventures Management.

Energy

20. A consultation on the restructuring of the Energy/Electric Power Sector in Slovenia was held in September 1991.

21. Preparations started for workshops on adaptation of electricity tariffs, development of electric power systems and public acceptance and market adaptation of energy-intensive industries in central and eastern Europe.

Transport, communications and tourism

22. The workshops held so far have allowed experts from countries in transition to profit from the experience of western countries in managing the transport sector under market conditions and have permitted discussion in an informal atmosphere of ways to dismantle barriers to international inland transport and ultimately to the integration of central and east European countries' transport industry into an all-European transport system.

23. More workshops are envisaged for 1992 on: strategic planning of transport development; user-oriented transport information systems in central and east European countries; the responsibilities of both Governments and railway companies; administrative and technical difficulties encountered at border crossings in international road transport.

Statistics

24. A workshop on problems associated with the planning and holding of agricultural censuses is under preparation (with FAO, Eurostat, OECD) in

Bulgaria. A further workshop on the evaluation of results of transition in statistical offices is being prepared with the Romanian National Commission of Statistics. Both events will benefit from EC PHARE funds.

B. Other activities to assist countries in transition

25. The ECE has produced practical guides and handbooks on subjects such as joint ventures and private investment as well as studies devoted to problems of transition to a market economy. Projects on infrastructure in the fields of transport and energy, consultations and policy recommendations, demonstrations and pilot projects in various fields are other forms of long-standing assistance to the countries in question.

26. Another initiative to meet a recently recognized need is the identification and collection of technical literature from western sources and their transmittal to bodies and organizations in transition countries which have been deprived of access to such "instructional material" for many years, and which cannot afford to purchase them. This has already been done quite extensively to assist the Central Statistical Offices in transition countries.

27. A special feature of the ECE activities is the elaboration of regionwide legally binding instruments such as conventions and protocols, especially in the fields of transport and environment, and the elaboration of regionwide standards which have already proved a useful tool in facilitating the integration of the transition countries into the European and world economy.

28. In evaluating the effectiveness of the workshops, representatives of transition countries have expressed satisfaction inasmuch as the workshops have been instrumental in identifying specific themes and possible solutions. They have at the same time expressed great interest in pursuing further steps of practical assistance. This could take two forms.

29. Firstly, the ECE programme of workshops could be complemented by expert advisory services. This would entail missions to individual countries in transition by an expert or a small team of experts in very specific topics identified by the countries in transition or during the workshops. The missions would aim to bring experts face to face as well as providing advice for policy-makers.

30. Secondly, training courses could be organized for nationals of countries in transition, again focusing on issues identified by those countries or emerging from workshops. This has already taken place in the sectors of human settlements, the steel industry and energy, where training topics have figured among the outputs of workshops and other informal meetings. This form of training would also include retraining associated with the restructuring and conversion of industries and the training of trainers to reinforce national capacity building in the transition countries.

31. ECE secretariat resources alone are not sufficient to provide either the advisory services or the training of this kind. It could, however, play a significant role in securing the services of experts for advisory missions in close cooperation with UN programmes such as DTCD, ITC, UNIDO and UNDP. It could also develop a roster of experts both from its intergovernmental bodies

and its former staff and consultants who are available for work of this kind. The services of volunteers through such programmes as UN Volunteers and UNDP/UNISTAR and TOKTEN could also be invited to contribute. In the area of training for the countries in transition the ECE secretariat could provide technical back-stopping for programmes which could be organized by UN organizations (such as the ILO, ITC, UNIDO, UNCHS, etc.) or other institutions with expertise in training.

32. While it may prove difficult to coordinate the activities of a wide range of United Nations programmes designed to assist countries in transition, every consideration should be given to establishing clusters of organizations which specialize in a particular sector. In the area of trade, for example, ECE could form a cluster with UNCTAD and ITC; in the energy area it would cooperate with DTCD; in human settlements with UNCHS. This form of targeted cooperation could yield results in a short period of time. Preliminary discussions with those bodies have produced very positive results.

33. To support this broader approach to assistance within the framework of ECE to the countries in transition, further consideration should be given to the establishment of a cooperation trust fund to which donor governments, institutions, organizations and enterprises could make cash contributions or contributions in kind, earmarked for workshops, expert advisory services or training.

Development issues and policies

34. The Senior Economic Advisers, in May 1991, discussed sequencing of the structural reforms and macroeconomic policies required for the transition to the market system. They adopted recommendations including the view that macroeconomic stabilization was the top priority among economic reforms and that the initial "critical" mass needed to be implemented simultaneously in order to ensure a successful launch of the reform process. They formulated the most important components of the transition programme. The Senior Economic Advisers also agreed that ECE represented a useful forum for an objective evaluation of transition policies and issues.

35. During that session a roundtable was organized focusing on Five Years of Perestroika - Results, Problems, Prospects.

36. The views expressed in the Economic Survey of Europe and the Economic Bulletin for Europe have had a significant impact on economic policy and methodological thinking in the transition countries, which is confirmed by a number of requests for more detailed explanations received by the secretariat from researchers and government officials of the transition countries.

Food and agriculture (including forestry products)

(a) Agriculture

37. Activities of the Working Party on Standardization of Perishable Produce and Quality Development are aimed partly at aiding the countries in transition with technical advice on improving the quality of their agricultural produce for home markets and eventually for export markets.

38. The FAO/ECE/CES Study Group on Food and Agricultural Statistics in Europe is implementing projects related to the introduction of new agricultural statistics in transition countries.

39. Looking beyond the short-term difficulties associated with food shortages and distribution problems, the Committee on Agriculture can provide valuable assistance to the countries concerned in their efforts to improve agricultural productivity and efficiency through restructuring of agricultural enterprises, including privatization and other types of agrarian reform, as well as of the food-processing and distribution industries. Measures would include the introduction of efficient equipment and technical and managerial systems, based on experience in market economy countries.

(b) Timber

40. An expert meeting will be held in Belarus in March 1992 to assess the impact of the nuclear radiation from the Chernobyl accident on forest resources in the region, including the Russian Federation, Belarus and Ukraine, with the participation of other international organizations, including IAEA, UNESCO and ILO. It will make recommendations on measures to rehabilitate damaged forests, prevent further dispersal of radiation, protect forest workers who have to work in affected areas and to afforest damaged agricultural land no longer fit for food production.

41. Activities of the Joint FAO/ECE Working Party on Forest Economics and Statistics include a project on assistance to transition countries for the improvement of the quality of statistics on forests, forest industries and products as part of a programme to improve the information base of the sector, in particular to develop databases and improve data collection systems.

42. The fifth in the series of long-term studies of European timber trends and prospects will devote special attention to methodologies for the assessment of forest products supply and demand forecasts for the countries in transition and an assessment of trade prospects.

43. At a seminar on new technologies and markets for wood-based panels, held in Poland in 1991, special attention was given to the possibilities for strengthening east-west cooperation in the rejuvenation and development of these industries in the transition countries through such initiatives as joint ventures, exchange of experts and know-how, investment, training, etc.

Environment

44. Policy recommendations elaborated by the Senior Advisers on Environmental and Water Problems are of interest for countries in transition in improving their environmental management and performance. Special mention should be made of those on: the reduction, replacement, recovery, recycling and re-utilization of industrial wastes; ecosystems based water management, and protection of inland waters against eutrophication. Also relevant is the draft code of practice for the conservation of threatened animals and plants and other species of international significance.

45. The Senior Advisers are cooperating with OECD to promote the application to the ECE region as a whole of systems, guidelines, recommendations and practices for environmental management, established by OECD for its member countries. Meetings were organized in 1991 in cooperation with OECD on Regional Cooperation for the Management of Hazardous Chemicals and on Economic Instruments for Environmental Policies for Countries in Transition.

46. Participation in the elaboration and implementation of ECE conventions is important for the improvement of the environmental situation in countries in transition:

- Under the Convention on Long-range Transboundary Air Pollution (LRTAP), a Working Group on Technology will deal with information exchange, training and cooperation on technology, trade and financial issues concerning countries in transition;

- The Convention on Environmental Impact Assessment in a Transboundary Context was signed by nine transition countries and Albania has ratified it;

- Countries in transition participated actively in the elaboration of the Convention on the Protection and Use of Transboundary Watercourses and International Lakes and the Convention on the Transboundary Effects of Industrial Accidents.

47. The Senior Advisers prepare an annual report on initiatives and existing projects in the field of bilateral and multilateral financial cooperation in the ECE region which addresses particularly assistance to countries in transition.

48. The Joint Working Group on Environment and Economics, in December 1991, considered a report on "the environment in the former USSR: economics and ecology" and evaluated the current situation in this respect. A similar report on Czechoslovakia will be considered by the Joint Working Group at its next session.

Industrial development

49. A Seminar on the Restructuration and Management Techniques in Steel Industries in Countries in Transition Towards Market-Economy Conditions will be held in May 1992 in Poland and in October 1992 another will be held in Ukraine on New Materials and their Application in Engineering Industries. The secretariat is providing assistance to the Government of Belarus on the privatization of a large state-owned ball-bearing manufacturer.

50. The Senior Advisers on Science and Technology held a forum discussion on the organization and management of R & D in economies in transition and will hold another on the managerial aspects and the relationship between national and federal/regional bodies, including governmental and non-governmental bodies, in promoting innovation.

International trade

51. The Committee on the Development of Trade (December 1991) held a Roundtable discussion on the problems and prospects of trade, payments and investment among the economies in transition.

52. A regional project is being prepared within the framework of the interregional cooperation project for the facilitation of international trade. It emphasizes the training component applicable to ECE economies in transition as well as to other member countries where international facilitation of trade procedures is still at an early stage.

53. The Committee decided on the preparation of a study on the role of small and medium-sized enterprises in the economies in transition and the promotion of conditions for their greater participation in intraregional trade. A seminar on foreign direct investment in the ECE region is under preparation.

54. The Committee is preparing a study on promoting foreign direct investment in the ECE region. This study includes chapters on recent trends in foreign direct investment; institutional and financial conditions; the new capital and property markets; privatization and deconcentration; forms of investment incentive; regulations in the economies in transition on foreign investment; free-economic zones; investment protection and double-taxation treaties; and the immediate future.

55. The Working Party on International Contract Practices is preparing a Guide on legal aspects of privatization in industry, to assist countries in transition to establish a suitable framework for privatization. The Guide outlines the problems most likely to arise in the course of privatizing state-owned enterprises; the laws and institutions which will be required; and the methods that can be used in the privatization process.

56. Four numbers of the East-West Joint Ventures News were issued, containing the latest information on regulations concerning this fast-changing aspect of east-west business, as well as a breakdown of statistical data.

Energy

57. As a follow-up to the Bergen Conference on Sustainable Development, ECE has launched a programme called Energy Efficiency 2000. The programme aims, through a series of practical measures with the involvement of the private sector and Governments, to close the energy gap between energy conservation technologies applied in western industry and the energy-intensive industries in transition countries. The programme has been well received by transition countries and enjoys the strong support of donor countries.

58. A study on "Energy Reforms in Central and Eastern Europe - The First Year" was issued in 1991 (ECE ENERGY Series No.7). Studies or documents on practical problems of energy reforms in that region were prepared such as:

- Concentration of coal mining activities in Europe; a prerequisite for moving to market operation (ENERGY/WP.1/R.10);
- Review of the present and future energy situation in the Baltic States (ENERGY/R.64/Add.1).

Transport

59. A number of the countries in transition participate in the Trans-European North-South Motorway (TEM) project. The ECE secretariat, as Executing Agency, has organized training courses, seminars, workshops, etc. related to the project outputs for the countries in central and eastern Europe.

60. Activities carried out within the Trans-European North-South Railway (TER) project also assist central and east European countries in their transition to a market economy. An inventory of the main data describing the existing situation in the TER countries is being undertaken regarding such items as the TER network topology, present equipment, performance parameters, border stations, ferry-boat connections and application of intermodal techniques. A meeting is being organized on a railway data-base system.

61. The ECE and the Commission of the European Communities have carried out an assessment of transport infrastructure needs in the light of east European development which provides a first overview of these needs in eastern Europe.

62. The ECE Regional Transport Adviser has visited a number of countries in transition which have requested assistance on transport subjects related to infrastructure, planning, operations and management.

63. To assist central and east European countries to overcome transition problems in the field of transport statistics, a Guide to the compilation of transport statistics in market economies was drawn up.

Statistics

64. The transition programmes of the Conference of European Statisticians for Bulgaria, Hungary and Poland were updated and pursued, mainly with regard to the improvement of the infrastructure for the production of economic statistics.

65. At the request of Eurostat, the ECE secretariat has provided advisory assistance to the Romanian National Commission for Statistics in the field of environment statistics in the framework of the PHARE programme.

66. Volumes of reference material for staff in statistical offices of transition countries were prepared in the fields of transport and agricultural statistics. Further volumes are under preparation on data editing and on selected issues of environment statistics (emission estimates and materials balances). An extensive glossary of terms used in statistical offices of market economies is being elaborated for distribution to transition countries.

67. A Steering Document giving an overview of the direction, problems and strategy of statistical transition permits members of the Conference to follow closely the national transition processes and document the results of transition work. A revised version in early 1992 increased its coverage to include the three Baltic states, and food and agriculture statistics. Another revision will be issued in spring 1992. Further issues of the Newsletter on Transition Projects were published.